REMARKS

Objections to Drawings

Applicant respectfully submits corrected drawing sheets which are in compliance with 37 C.F.R. 1.121(d). The handwritten reference numbers and figure numbers have been replaced by typed numbers to improve readability and scanability. Replacement Sheets one through eighteen replace original sheets one through eighteen.

Claim Objections

Claims 11, 41, and 64 were objected to because they used both a division sign and a line under the first portion of the equation to indicate division. Applicant respectfully submits that the amended claim is no longer objectionable as the division sign has been retained and the underline removed.

Claim 52 was objected to because of the word "alive" was mistakenly included instead of the phrase "a live." This has been corrected. Applicant respectfully submits that the amended claim is no longer objectionable.

Claim Rejections under 35 U.S.C. § 112

Claims 1 through 11, 13 through 41, 43 through 64, and 66 through 75 were rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. "A claim is indefinite when it contains words or phrases whose meaning is unclear." MPEP § 2173.05 (e). A claim could be unclear when it refers to "said element" and there is no previous reference to that limitation. *Id.*

Applicant respectfully submits that claims 1, 19 and 22, as amended, are no longer indefinite for insufficient antecedent basis. The terms in these claims now include an appropriate antecedent basis. No new matter was added by these amendments.

Applicant respectfully submits that claims 22 and 52 as amended are no longer indefinite. The phrase "determining payoff for hierarchical choice sets that retains the flavor of a parimutuel style" was deleted. Please note that claim 1 did not include the phrase "retains the flavor of parimutuel style" prior to amendment.

Claims 9 through 11, 13 through 18, 20, 21, and 75 are dependent on claim 1. Claims 23 through 41 and 43 through 51 are dependent on claim 22. Claims 53 through 64 and 66 through 74 are dependent on claim 52. Applicant respectfully submits that these claims were objected to because of their dependence on each respective independent claim. Because the amended independent claims distinctly claim the invention, these dependent claims are no longer indefinite.

Claim Rejections under 35 U.S.C. § 102 (e)

Claims 1, 3 through 7, 13, 18, 20 through 22, 24, 29 through 31, 34 through 37, 43, 48, 50 through 54, 57 through 60, 66, 71, 73, and 74 were rejected under 35 U.S.C. § 102 (e) as being anticipated by Brenner et al., U.S. Patent No. 6,554,709 B1. "A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987); MPEP § 2131.

Applicant respectfully traverses the rejection of independent claims 1, 22, and 52 on the grounds that Brenner does not include the limitation of allocating betting tokens to each of the players prior to commencement of said sporting event nor does Brenner include the limitation of

selectively repeating said step of conducting betting events until the sporting event has concluded.

Brenner discloses an off-track interactive wagering system where bets are placed remotely into the selected race track betting pool. Allocation of funds to a user's wagering account in Brenner can occur at any time throughout the sporting event, prior to the sporting event or after the sporting event. [Brenner col. 4. ll. 47 - 54]. The amount of money in the betting pool in Brenner varies because funds may be allocated to the user account at any time. However, in claims 1, 22, and 52, the token pool is constant because the number of tokens available to bet on any betting event is determined prior to commencement of the sporting event.

Further, Brenner discloses a method where all betting events must terminate *prior to the commencement of a sporting event*, the conventional method of placing bets. [Brenner col. 10, ll. 1-5; col. 28, ll. 43-52]. What is claimed in claims 1, 22, and 52 are methods comprising allocation of tokens prior to commencement of a sporting event, a step of conducting a plurality of betting events, and selectively repeating said step of conducting betting events *until the sporting event has concluded.*

Applicant respectively asserts that allocating the number of tokens which can be won *prior* to the start of the sporting event and allowing bets to be placed *after* the race has been started or the pitch has been thrown are limitations which are not present in Brenner; therefore, claims 1, 22, and 52 are not anticipated by Brenner.

Claims 3 through 7, 13, 18, 20, and 21 are dependent on claim 1. Claims 24, 29 through 31, 34-37, 43, 48, 50, and 51 are dependent on claim 22. Claims 53, 54, 57 through 60, 66, 71, 73 and 74 are dependent on claim 52. Applicant respectfully submits that these claims were

objected to because of their dependence on each respective independent claim. Because the independent claims are not anticipated by Brenner, these dependent claims are not anticipated.

Further, applicant respectfully submits that dependent claims 6, 7, 36, 37, 59, and 60 are not anticipated by Brenner for the following additional reason. These claims disclose a limitation not present in Brenner in that they only allow allocation of additional tokens to each of the players at selected intervals during the game; therefore, the token pool remains constant.

Applicant respectfully submits that dependent claims 18, 48, and 71 are not anticipated by Brenner for the following additional reason. Brenner does not disclose a series of unconventional betting lines in the win, place, and show betting events which are opened one at a time *during* the race. Since claims 18, 48, and 71 disclose this additional limitation and are dependent on claims 1, 22, and 52, they are not anticipated by Brenner.

Claim Rejections under 35 U.S.C. § 103 (a)

There are three criteria required to establish a *prima facie* case of obviousness. MPEP § 2142 (citing *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991)).

> First, there must be some suggestion or motivation, either in the references themselves or the knowledge generally available to one of ordinary skill in the art, to modify the reference or combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations.

Id. Further, "[t]he teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure." *Id.* Applicant respectfully submits that this test has not been met in the following rejections.

Claims 2, 23, 32, and 55 were rejected under 35 U.S.C. §103(a) as being obvious to one of ordinary skill in the art in view of Brenner and Hughs-Baird et al., U.S. Patent No. 6,468,156

B1. Applicant respectively traverses the rejection of dependent claims 2, 23, 32, and 55. Hughs-Baird discloses a method for paying bonus awards via a gaming machine which varies the bonus amount paid to any winner. [Hughes Baird col. 3, ll. 5-13]. However, Hughes-Baird does not disclose the limitation of allocating betting tokens to each of the players prior to commencement of said sporting event nor does Hughs-Baird include the limitation of selectively repeating said step of conducting betting events until the sporting event has concluded. Claim 2 is dependent on claim 1, claims 23 and 32 are dependent on claim 22, and claim 55 is dependent on claim 52. As the rejected claims are dependent on claims that disclose an additional limitation, the rejected claims incorporate this limitation. Applicant respectfully submits that claims 2, 23, 32, and 55 are not obvious in light of Brenner and Hughs-Baird for the above mentioned reasons.

Claims 14 through 17, 44 through 47, and 67 through 70 were rejected as obvious over Brenner in view of Mino, U.S. Patent No. 6,394,895 B1. Applicant respectfully traverses this rejection on the grounds that these claims are dependent on independent claims 1, 22, and 52 respectively. The limitations included in the independent claims are incorporated into the dependent claims. Mino discloses a method of entering a prediction regarding the outcome of a sporting event into a video game where it is compared with a data-based prediction which is generated by a processor. [Mino col. 8, 11. 1-11]. Mino does not include the limitation of allocating betting tokens to each of the players prior to commencement of said sporting event. Additionally, Mino only allows the player to input one prediction, i.e. there is only one betting event within the sporting event; therefore, Mino does not include the limitation of selectively repeating said step of conducting betting events until the sporting event has concluded. [Mino col. 8 ll. 4-6]. Applicant respectfully submits that claims 14 through 17, 44 through 47, and 67 through 70 are not obvious in light of Brenner and Mino for the above mentioned reasons.

Claims 19, 49, and 72 were rejected as being obvious over Brenner in view of Jorasch et al., U.S. Patent No. 6,379,248 B1. Applicant respectively traverses this rejection on the grounds that claims 19, 49, and 72 are dependent on independent claims 1, 22, and 52 respectively; therefore, these dependent claims include the limitations in the independent claims. Jorasch does not disclose the limitation of allocating betting tokens to each of the players prior to commencement of said sporting event nor does Jorasch include the limitation of selectively repeating said step of conducting betting events until the sporting event has concluded.

Jorasch discloses a method of providing bonuses to video gaming machine users who deposit and/or retain a large monetary balance on the gaming machine, casino account, or casino rewards card. [Jorasch col. 3 ll. 38-53]. In one embodiment, the patron may receive a bonus on his account upon receiving a payout which decreases over time to encourage him to return to the casino and bet again. [Jorasch col. 10 ll. 17-37]. What is claimed in this application is a bonus which decreases in value as the race progresses, such that players who bet correctly early in said race have an advantage over players who bet correctly later in said race. Jorasch does not include the limitation which provides an advantage to players who choose the correct result earlier in the race when probability of choosing the correct outcome is lower. Neither Jorasch nor Brenner base the payout (or bonus in Jorasch) on the time a bet was placed. Further, in Jorasch, the bonus is not a *reward* which is limited to players who bet *correctly*, it is merely an *incentive* to return to the casino soon which provides bonus money to a players account provided he bets again within a certain time period. Based on the foregoing reasoning, applicant respectfully submits that claims 19, 49, and 72 should be allowed.

Claims 25 through 28 and 75 were rejected on obviousness grounds over Brenner. Applicant respectively traverses this rejection on the grounds that claims 25 through 28 and 75

are dependent on independent claims 22 and 1 respectively; therefore, these dependent claims include the limitations in the independent claims. Since Brenner does not disclose the limitation of allocating betting tokens to each of the players prior to commencement of said sporting event nor does Brenner include the limitation of selectively repeating said step of conducting betting events until the sporting event has concluded, as noted above, these claims are non-obvious in light of Brenner.

Additionally, applicant respectfully submits that claims 26 thorough 28 and 75 are non-obvious because "[i]f the proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification." MPEP § 2143.01 (citing *In re Gordon,* 733 F.2d 900 (Fed. Cir. 1984).

Claims 26 through 28 are nonobvious because the proposed modifications to Brenner would have made Brenner unsatisfactory for its intended purpose. As stated above, Brenner discloses an off-track interactive wagering system where bets are placed remotely into the selected race track betting pool. [Brenner col. 4. ll. 47 - 54]. Allowing formation of a private group consisting only of said subset of players to conduct a private betting pool or allowing said private group to selectively customize a set of house rules for a private betting pool is contrary to the objectives set out in Brenner. Brenner provides a means for an off-track better to bet into the common on-track betting pool. The private betting groups established in claims 26 thorough 28 are unsatisfactory for Brenner's intended purpose; therefore, applicant respectfully contends that they are not obvious.

Similarly, claim 75 provides that said lines open at random points in time so as to add uncertainty as to when a line will close. This objective is contrary to Brenner's intended purpose

because current on-track systems do not provide this function. Lines open at specific times and close when a race begins at a traditional race track; therefore, applicant respectfully contends that claim 75 is not obvious.

If a telephone conference would advance the prosecution of this application, the undersigned may be called at 901-537-1108.

Respectfully submitted,

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I hereby certify that this correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Mail Stop Amendment, Commissioner for Patents, P.O. BOX 1450, Alexandria, VA 22313-1450, on this 17th day of October, 2005.

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